GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:400
ANSWERED ON:23.03.2001
BASMATI EXPORT HIT BY DGFT POLICY
Y.S. VIVEKANANDA REDDY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the shipments of bulk rice have slowed down to a trickle as the Directorate of Foreign Trade refuses to allow duty drawback under DEPB as reported in `Economic Times` dated December 1, 2000, under the caption `Basmati Exports hit by DGFT Policy`;

(b) if so, whether the Government have examined the contents of the report;

(c) if so, whether the exporters were greatly hit by this decision; and

(d) if so, the steps being considered in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.400 FOR ANSWER ON 23.3.2001 REGARDING BASMATI EXPORT HIT BY DGFT POLICY.

(a) to (d): The data from Directorate General of Commercial Intelligence and Statistics (DGC&IS), Kolkata, does not show any decrease in export of Basmati rice as stated in the newspaper report. In fact there has been an increase both in value and quantity terms for the period April-December 2000 (the latest period for which data is available) over the corresponding period of the previous year. In April-December 2000, the export of Basmati rice was 6,38,434 tonnes worth Rs.1,58,377.64 lakhs, whereas in April-December 1999 it was 4,38,913 tonnes worth Rs.1,28,203.27 lakhs.

The report in the Economic Times of 1.12.2000 states that the exporters of Basmati rice were getting the DEPB benefit at the rate 2% on the use of plastic packaging material. Denial of this benefit is alleged to have hurt the rice exporters.

For the use of Plastic or paper (or any combination thereof) as a packaging material, exporters including rice exporters, are granted 2 % DEPB credit to neutralise the impact of customs duties sufferred on the import of such material. For any other material (other than paper or plastic) this rate is 1 %. These rates have not been withdrawn and are available to all exporters including rice exporters when they export their goods in packaged form. However, it was noticed at some ports that the rice exporters were using plastic materials for lining the inner walls of the containers. This material is discarded at the port of discharge and the rice is re-packed before it reaches the consumer. The inter-ministerial DEPB Committee (having representatives from different Ministries including Revenue and other Technical Ministries) deliberated on the matter and came to the conclusion that this could not be treated as exports in packaged form. However, the rice exports would continue to get this benefit if rice is exported in standard bags.